

CITY OF BELLE PLAINE
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

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City of Belle Plaine

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2009)		
Jim Daily	Mayor	Jan 2008
Harold Ealy	Mayor Pro tem	Jan 2008
Steve Beck	Council Member	Jan 2010
Marv DeRycke	Council Member	Jan 2010
Jim Kurovski	Council Member	Jan 2010
Craig Van Scoyoc	Council Member	Jan 2012
(After January 2009)		
Jim Daily	Mayor	Jan 2012
Harold Ealy	Mayor Pro tem	Jan 2012
Steve Beck	Council Member	Jan 2010
Marv DeRycke	Council Member	Jan 2010
Jim Kurovski	Council Member	Jan 2010
Craig Van Scoyoc	Council Member	Jan 2012
Kaye Buch	City Clerk	Indefinite
Larry Schlue	Attorney	Indefinite

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Belle Plaine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 2, 2009 on our consideration of the City of Belle Plaine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 29 through 30 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belle Plaine's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C.

September 2, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Belle Plaine provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the City's financial position and results of operations.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the City of Belle Plaine's governmental activities increased \$24,890, from fiscal 2008 to fiscal 2009. Property tax increased \$61,392 and road use decreased \$15,672, and the local option sales tax decreased \$82,048.
- Disbursements increased in the areas of Public Safety - \$144,234; Culture & Recreation - \$49,065; Community & Economic Development - \$38,473; General Government - \$45,336; Capital Projects - \$450,880 and Business Type - \$33,076 from July 1, 2008 to June 30, 2009. Decreases were in Public Works - \$42,109; Health & Social Services - \$5,425 and Debt Service - \$64,458.
- As Belle Plaine completed this year, its governmental funds reported a combined a fund balance of \$1,456,215 an increase of \$161,303 above last year's total of \$1,294,912. The following are the major reasons for the change in fund balances of the major funds from the prior year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, sanitary sewer system and garbage. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer and garbage funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursement and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased \$161,303 from a year ago, increasing from \$1,294,912 to \$1,456,215. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 149,978	71,225
Operating grants, contributions and restricted interest		273,785
Capital grants, contributions, and restricted interest		
General receipts		
Property Tax	909,580	842,107
Unrestricted investment earnings	69,630	44,791
Local Option Sales Tax	185,828	264,321
Other general receipts	971,457	196,091
Transfers		
Total receipts and transfers	2,482,564	1,692,320
Disbursements:		
Public safety	528,112	383,878
Public works	410,862	452,971
Health and social services	8,855	14,280
Culture and recreation	340,257	291,192
Community and economic development	77,607	39,134
General government	217,578	172,242
Debt service	222,552	287,010
Capital projects	515,438	64,558
Total disbursements	2,321,261	1,705,265
Increase (decrease) in cash basis net assets	161,303	(12,945)
Cash basis net assets beginning of year	<u>1,294,912</u>	<u>1,307,857</u>
Cash basis net assets end of year	<u>\$ 1,456,215</u>	<u>1,294,912</u>

The City's total receipts for governmental activities increased \$790,244. The total cost of all programs and services increased by \$615,996. The increase in property taxes was the result of increased taxable value in property. The tax rate held steady with a slight increase from \$14.47 to \$14.79 per thousand valuation.

There was an increase of taxes receipts in 2009 of \$64,473. Property taxes are expected to increase by \$45,659 next year due to increases in the total assessed valuation

The cost of all governmental activities this year was \$2,321,261 compared to \$1,705,265 last year. However, as shown in the Statement of Activities and Net Assets, the amount taxpayers ultimately financed for these activities was only \$1,275,093 because some of the cost was paid by

other governments and organizations that subsidized certain programs with grants, contributions and restricted interest \$69,630. Debt service totaled \$93,786 compared to \$287,010 in 2008.

Changes in Cash Basis Net Assets of Business Type Activities

	<u>Year ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Receipts:		
Program receipts:		
Charges for service		
Water	\$ 281,082	284,588
Sewer	265,722	247,309
Garbage	214,141	202,287
Operating grants, contributions and restricted interest		34,050
General receipts:		
Other general receipts		11,707
Total Receipts	760,945	779,941
Disbursements and transfers:		
Water	319,251	384,734
Sewer	248,553	203,399
Garbage	214,141	192,271
Meter Deposits	3,392	6,235
Transfers		29,000
Total disbursement & transfers	785,601	815,639
Change in cash basis net assets	(30,038)	23,279
Cash basis net assets beginning of year	707,936	684,657
Cash basis net assets end of year	<u>\$ 711,420</u>	<u>735,352</u>

Total business type activities receipts for the fiscal year were \$760,945 compared to \$779,941 last year. The cash balance decreased by (\$30,038). Total disbursements for the fiscal year increased to a total of \$785,601 compared to \$815,639 last year, which decreased by \$23,932.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Belle Plaine completed this year, its governmental funds reported a combined fund balance of \$1,456,851, a decrease of \$161,939 below last year's total of \$1,294,912. The following are the major reasons for the change in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$30,619 from the prior year. The increase \$35,802 in property taxes and a decrease of \$78,493 in local option sales tax.
- The Road Use Tax Fund cash balance decreased \$2,803.
- The Urban Renewal Tax Increment Fund received \$135,197 for the fiscal year 2009. This was an increase of \$6,081 from last year.
- The Debt Service Fund cash balance increased from \$(10,841) to \$14,053.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance had a decrease of \$179,433 with a balance at the end of the year of \$176,281 due primarily to more projects/disbursements in the water department.
- The Sewer Fund cash balance increased \$127,929 with the balance of at the end of the year of \$105,203, due a cashing a certificate of deposit.
- The Garbage Fund cash balance remained steady with a decreased slightly (\$664) with a balance at the end of the year of \$54,687.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one times. One amendment was approved on April 20, 2009 in the amount of \$668,200.

DEBT ADMINISTRATION

On June 30, 2009, the City has \$685,000 outstanding in bonds and other long-term debt, compared to \$340,000 last year as shown below.

Outstanding Debt at Year End

	<u>Year ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ -	85,000
Urban renewal tax increment financing	160,000	255,000
General Obligation Issued during the Year	<u>535,000</u>	<u>-</u>
Total	\$ <u>685,000</u>	<u>340,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$685,000 is significantly below its constitutional debt limit of \$4,833,397.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Belle Plaine's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates, and fees that will be charged for various Belle Plaine activities. One of those factors is the economy. Unemployment in Belle Plaine (Benton County) now stands at 3.9 percent versus 4.7 percent a year ago. This compares with the State's unemployment rate of 4.3 percent and the national rate of 5.7 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.2% percent for the fiscal year 2009 compared with the national rate of 3% percent. Inflation has been modest here due in part to the slowing of the residential housing market and increases in energy prices in 2008-2009.

These indicators were taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are \$2,166,911, an increase of \$136,647 over the final 2009 budget. Property tax (benefiting from the 2009 rate increases and increases in assessed valuations) and proceeds from a newly formed local option sales tax within the county/city are expected to help with maintaining the budget. The City will use these

increases in receipts to finance programs we currently offer. Budgeted disbursements are expected to increase because of capital projects.

If these estimates are realized, the City's budgeted cash balance is expected to increase by approximately \$118,759 by the close of 2010.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kaye Buch, City Clerk, 1207 8th Avenue, Belle Plaine, Iowa 52208.

City of Belle Plaine

Basic Financial Statements

City of Belle Plaine

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2009

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety	\$ 528,112	35,671	6,288	
Public works	410,862	-	241,615	1,053
Health and social services	8,855	-	14,743	-
Culture and recreation	340,257	34,557	53,551	1,080
Community and economic development	77,607	-	35,020	-
General government	217,578	23,444	-	-
Debt service	222,552	-	-	-
Capital projects	515,438	59,868	220,832	
Total governmental activities	2,321,261	153,540	572,049	2,133
Business type activities:				
Water	319,251	264,664	-	-
Sewer	248,553	235,409	-	-
Garbage	214,405	212,482	-	-
Meter Deposits	3,392	3,200	-	-
Total business type activities	785,601	715,755	-	-
Total	\$ 3,106,862	869,295	572,049	2,133
General Receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Unrestricted interest on investments				
Bond proceeds				
Miscellaneous				
Sale of assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Fund restatement - June 30, 2009				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Urban renewal projects				
Debt Service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(486,153)	-	(486,153)
(168,194)	-	(168,194)
5,888	-	5,888
(251,069)	-	(251,069)
(42,587)	-	(42,587)
(194,134)	-	(194,134)
(222,552)	-	(222,552)
(234,738)	-	(234,738)
(1,593,539)	-	(1,593,539)
-	(54,587)	(54,587)
-	(13,144)	(13,144)
-	(1,923)	(1,923)
-	(192)	(192)
-	(69,846)	(69,846)
(1,593,539)	(69,846)	(1,663,385)
695,270	-	695,270
135,197	-	135,197
93,786	-	93,786
185,828	-	185,828
38,770	34,107	72,877
525,382	-	525,382
69,137	11,083	80,220
11,472	-	11,472
-	-	-
1,754,842	45,190	1,800,032
161,303	(24,656)	136,647
1,294,912	735,352	2,030,264
636	724	1,360
\$ 1,456,851	711,420	2,168,271
31,582	-	31,582
30,502	-	30,502
14,053	27,978	42,031
696,916	-	696,916
683,798	683,442	1,367,240
\$ 1,456,851	711,420	2,168,271

City of Belle Plaine
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2009

	General	Special Revenue		
		Road Use Tax	Employee Benefits	Local Option Sales Tax
Receipts:				
Property tax	\$ 521,153	-	159,444	-
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	185,828
Licenses and permits	15,034	-	-	-
Use of money and property	38,698	-	-	-
Intergovernmental	11,976	241,615	-	-
Charges for service	78,638	-	-	-
Special assessments	14,673	-	-	-
Miscellaneous	27,926	-	-	-
Total receipts	708,098	241,615	159,444	185,828
Disbursements:				
Operating:				
Public safety	252,249	-	62,419	12,604
Public works	37,469	243,491	32,137	8,933
Health and social services	-	-	-	-
Culture and recreation	194,419	-	24,050	53,801
Community and economic development	2,845	-	-	32,608
General government	198,823	-	18,755	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	685,805	243,491	137,361	107,946
Excess (deficiency) of receipts over (under) disbursements	22,293	(1,876)	22,083	77,882
Other financing sources (uses):				
Operating transfers in	13,467	-	-	-
Operating transfers out	(5,800)	-	-	(88,960)
Total other financing sources (uses)	7,667	-	-	(88,960)
Net change in cash balances	29,960	(1,876)	22,083	(11,078)
Cash balances beginning of year	216,174	34,384	128,018	283,639
Fund restatement - June 30, 2009	659	(926)	2	(29,472)
Cash balances end of year	\$ 246,793	31,582	150,103	243,089
Cash Basis Fund Balances				
Reserved:				
Debt service	\$ -	-	-	-
Unreserved:				
General fund	246,793	-	-	-
Special revenue funds	-	31,582	150,103	243,089
Capital projects fund	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	\$ 246,793	31,582	150,103	243,089

See notes to financial statements

City of Belle Plaine

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2009

Total governmental funds cash balances (page 17)	\$ 1,456,851
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Cash basis net assets of governmental activities (page 15)	<u>\$ 1,456,851</u>
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Net change in cash balances (page 17)	\$ 161,303
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Change in cash balance of governmental activities (page 15)	<u>\$ 161,303</u>
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See notes to financial statements

City of Belle Plaine

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2009

	Enterprise Funds		
	Water	Sewer	Garbage
Operating receipts:			
Use of money and property	\$ 10,106	24,001	-
Charges for service	264,664	235,409	212,482
Miscellaneous	3,112	6,312	1,659
Total operating receipts	277,882	265,722	214,141
Operating disbursements:			
Business type activities	319,251	248,553	214,405
Total operating disbursements	319,251	248,553	214,405
Excess (deficiency) of operating receipts over (under) operating disbursements	(41,369)	17,169	(264)
Non-operating receipts (disbursements):			
Miscellaneous	-	-	-
Debt service	-	-	-
Total non-operating receipts (disbursements)	-	-	-
Excess (deficiency) of receipts over (under) disbursements	(41,369)	17,169	(264)
Operating transfers in/(out)	(136,819)	198,559	-
Net change in cash balances	(178,188)	215,728	(264)
Cash balances beginning of year	355,714	(22,726)	55,351
Fund restatement - June 30, 2009	(1,245)	(87,799)	(400)
Cash balances end of year	\$ 176,281	105,203	54,687
Cash Basis Fund Balances			
Reserved for debt service	\$ -	-	-
Unreserved	176,281	105,203	54,687
Total cash basis fund balances	\$ 176,281	105,203	54,687

See notes to financial statements

Sewer Replacement	Other Nonmajor Proprietary Funds	Total
-	-	34,107
-	3,200	715,755
-	-	11,083
-	3,200	760,945
-	3,392	785,601
-	3,392	785,601
-	(192)	(24,656)
-	-	-
-	-	-
-	-	-
-	(192)	(24,656)
(61,740)	-	-
(61,740)	(192)	(24,656)
317,240	29,773	735,352
88,936	1,232	724
344,436	30,813	711,420
-	27,978	27,978
344,436	2,835	683,442
344,436	30,813	711,420

City of Belle Plaine

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Funds

As of and for the year ended June 30, 2009

Total enterprise funds cash balances (page 20)	\$ 711,420
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The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Cash basis net assets of business type activities (page 15)	<u><u>\$ 711,420</u></u>
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Net change in cash balances (page 20)	\$ (24,656)
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Change in cash balance of business type activities (page 15)	<u><u>\$ (24,656)</u></u>
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See notes to financial statements

City of Belle Plaine

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

The City of Belle Plaine is a political subdivision of the State of Iowa located in Benton County. It was first incorporated in 1868 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Belle Plaine has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Benton County Joint E911 Service Board, Benton County Emergency Operations Commissions, Kirkwood Community College Community Education Agreement, and Williamsburg-Marengo-Belle Plaine Drug Task Force Agreement

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Employee Benefits fund is used to account for property taxes assessed for employee benefits, and the payment of those benefits on behalf of City employees.

The Local Option Sales Tax Fund is used to account for all local option sales taxes collected and expended by the City.

The Capital Projects – Storm Sewer Improvement Fund is utilized to account for the storm sewer project going on during the year.

Permanent Funds:

The Equipment Accruals Fund is a savings account for City departments. If departments have funds leftover in their budget for expenditure at the end of the fiscal year, they can transfer the balance

to this fund to save up for larger equipment purchases. Also, any capital donations from the public are accrued here.

The Library Improvement Fund is used to account for donations to the Library and interest earned on the Library's investments. Disbursements from this fund are used to supplement the Library's ongoing operations.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Garbage fund accounts for the City's contract with Waste Management, Inc. for garbage and recycling pick up.

The Sewer Replacement Fund is utilized as a savings fund for future sewer repair and replacement.

The City also reports the following additional proprietary funds:

A Water Revenue Bond Sinking Fund is utilized per debt covenants on Revenue Bonds.

A Meter Deposits Fund is utilized to account for customer deposits for water and sewer services.

C. Measurement Focus and Basis of Accounting

The City of Belle Plaine maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009 disbursements exceeded the amounts budgeted in the Community and Economic Development and Capital Projects functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the City had the following investments:

Type	Carrying Amount	Fair Value	Maturity
Certificates of deposit	\$ 854,263	\$ 854,263	Various Dates

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds, urban renewal tax increment financing revenue bonds and revenue notes are as follows:

Year Ending June 30,	General Obligation Bonds		Urban Renewal Tax Increment Financing Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	95,000	3,610	45,000	1,440	140,000	5,050
2011	65,000	2,665	45,000	1,530	110,000	4,195
2012			45,000	1,620	45,000	1,620
2013			50,000	1,900	50,000	1,900
2014			50,000	2,000	50,000	2,000
2015 - 2019			290,000	12,495	290,000	12,495
Total	\$ 160,000	6,275	525,000	20,985	685,000	27,260

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund. However, \$8,876 of general obligation bond principal and interest was paid from the Special Revenue - Local Option Sales Tax Fund, and \$11,766 was paid from the Capital Projects - Storm Sewer Improvement Fund during the year ended June 30, 2009.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available

financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$38,279, \$35,313, and \$32,648, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours. Vacation leave is for subsequent use or for payment upon termination, retirement or death. Unused sick leave is forfeited upon termination, retirement, or death. The accumulation of vacation leave is not recognized as a disbursement by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2009, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	<u>\$ 20,309</u>

This liability has been computed based on rates of pay in effect at June 30, 2009.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Trust & Agency Library Improvement	\$13,467
Debt Service	Special Revenue LOST TIF	\$ 38,124 \$104,695
Trust & Agency Equipment Accruals	Special Revenue LOST General	\$ 37,369 \$ 5,800
Sewer	Sewer Replacement Water Revenue Bond	\$ 61,740 \$136,819

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(7) Related Party Transactions

The City had business transactions between the City and City officials totaling \$4,095 during the year ended June 30, 2009.

(8) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Deficit Fund Balance

The Capital Projects Fund – Downtown Streetscape had a deficit balance of \$76,617 at June 30, 2009. The Council is aware of the deficit balance and is working to cure it.

(10) Subsequent Event

On July 20, 2009, the City approved the awarding of bids for the new aquatic center. Contract #1 was awarded to Ricchio Inc. for construction of the aquatic center for \$807,000. Contract #2 was awarded to Mechanical Inc. for the construction of the aquatic center's mechanics for \$489,000. Contract #3 was awarded to Garling Construction for general aquatic center construction for \$786,000.

On August 17, 2009, the City entered into a loan agreement for \$2,100,000 of General Obligation Aquatic Center Bonds, Series 2009A to be used for the construction of a new aquatic center.

Required Supplementary Information

City of Belle Plaine

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 774,383	-	-
Tax increment financing collections	135,197	-	-
Other city tax	185,828	-	-
Licenses and permits	15,034	-	-
Use of money and property	69,630	34,107	-
Intergovernmental	784,825	-	-
Charges for service	149,978	715,755	-
Special assessments	14,673	-	-
Miscellaneous	353,016	11,083	-
Total receipts	<u>2,482,564</u>	<u>760,945</u>	-
Disbursements:			
Public safety	528,112	-	-
Public works	410,862	-	-
Health and social services	8,855	-	-
Culture and recreation	340,257	-	-
Community and economic development	77,607	-	-
General government	217,578	-	-
Debt service	222,552	-	-
Capital projects	515,438	-	-
Business type activities	-	785,601	-
Total disbursements	<u>2,321,261</u>	<u>785,601</u>	-
Excess (deficiency) of receipts over (under) disbursements	161,303	(24,656)	-
Other financing sources (uses), net	-	-	-
Excess of receipts and other financing sources over disbursements and other financing uses	161,303	(24,656)	-
Balances beginning of year	<u>1,294,912</u>	<u>735,352</u>	-
Fund restatement - June 30, 2009	636	724	-
Balances end of year	<u>\$ 1,456,851</u>	<u>711,420</u>	-

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
774,383	740,436	740,436	33,947
135,197	104,695	104,695	30,502
185,828	189,392	189,392	(3,564)
15,034	11,860	11,860	3,174
103,737	43,917	43,917	59,820
784,825	586,755	647,755	137,070
865,733	877,295	881,595	(15,862)
14,673	14,000	14,000	673
364,099	52,790	385,690	(21,591)
3,243,509	2,621,140	3,019,340	224,169
528,112	361,552	563,552	35,440
410,862	351,486	452,486	41,624
8,855	17,500	17,500	8,645
340,257	290,000	350,000	9,743
77,607	25,000	59,000	(18,607)
217,578	189,708	223,908	6,330
222,552	230,840	230,840	8,288
515,438	330,480	330,480	(184,958)
785,601	809,375	1,046,375	260,774
3,106,862	2,605,941	3,274,141	167,279
136,647	15,199	(254,801)	391,448
-	-	270,000	(270,000)
136,647	15,199	15,199	121,448
2,030,264	2,051,440	2,051,440	(21,176)
1,360	-	-	1,360
2,168,271	2,066,639	2,066,639	101,632

City of Belle Plaine

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$668,200. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the community and economic development and capital projects functions.

Other Supplementary Information

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2009

	Special Revenue				Capital Projects
	Urban Renewal Tax Increment	Debt Service	Aquatic Center	4-Corners Industrial	FEMA Storm Sewer
Receipts:					
Property tax	\$ -	93,786	-	-	-
Tax increment financing	135,197	-	-	-	-
Other city tax	-	-	12	60	-
Use of money and property	-	-	-	208,044	12,788
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Special assessments	-	-	1,080	-	-
Miscellaneous	-	-	-	-	-
Total receipts	135,197	93,786	1,092	208,104	12,788
Disbursements:					
Operating:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic develop.	-	-	-	-	-
General government	-	-	-	-	-
Debt service	-	222,552	-	203,426	10,445
Capital projects	-	-	-	-	-
Total disbursements	-	222,552	-	203,426	10,445
Excess (deficiency) of receipts over (under) disbursements	135,197	(128,766)	1,092	4,678	2,343
Other financing sources:					
Operating transfers in/(out)	(104,695)	142,819	-	-	-
Net change in cash balances	30,502	14,053	1,092	4,678	2,343
Cash balances beginning of year	10,840	(10,841)	100	23,287	-
Fund restatement - June 30, 2009	(10,840)	10,841	-	(1)	-
Cash balances end of year	\$ 30,502	14,053	1,192	27,964	2,343
Cash Basis Fund Balances					
Reserved:					
Debt service	\$ -	14,053	-	-	-
Unreserved:					
Special revenue fund	30,502	-	-	-	-
Capital projects funds	-	-	1,192	27,964	2,343
Permanent fund	-	-	-	-	-
Total cash basis fund balances	\$ 30,502	14,053	1,192	27,964	2,343

See accompanying independent auditor's report

Permanent					
Storm Water	Downtown Streetscape	Medical	Community Center	Economic Development	Total
-	-	-	-	-	93,786
-	-	-	-	-	135,197
-	-	-	-	-	-
-	-	14,743	4,729	-	19,544
-	-	-	-	35,020	255,852
-	-	-	-	11,472	11,472
-	-	-	-	-	-
1,053	-	-	8,022	-	10,155
1,053	-	14,743	12,751	46,492	526,006
-	-	-	-	-	-
-	-	-	-	-	-
-	-	8,855	-	-	8,855
-	-	-	11,800	-	11,800
-	-	-	-	42,154	42,154
-	-	-	-	-	-
-	-	-	-	-	222,552
-	76,617	-	-	-	290,488
-	76,617	8,855	11,800	42,154	575,849
1,053	(76,617)	5,888	951	4,338	(49,843)
-	-	-	-	-	38,124
1,053	(76,617)	5,888	951	4,338	(11,719)
-	-	81,898	71,372	30,017	206,673
-	-	1	-	900	901
1,053	(76,617)	87,787	72,323	35,255	195,855
-	-	-	-	-	14,053
-	-	-	-	-	30,502
1,053	(76,617)	-	-	-	(44,065)
-	-	87,787	72,323	35,255	195,365
1,053	(76,617)	87,787	72,323	35,255	195,855

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2009

	Enterprise		
	Water Revenue Bond Sinking	Meter Deposits	Total
Operating receipts:			
Use of money and property	\$ -	-	-
Charges for service	-	3,200	3,200
Miscellaneous	-	-	-
Total operating receipts	-	3,200	3,200
Operating disbursements:			
Business type activities	-	3,392	3,392
Total operating disbursements	-	3,392	3,392
Excess (deficiency) of operating receipts over (under) operating disbursements	-	(192)	(192)
Operating transfers in/(out)	-	-	-
Net change in cash balances	-	(192)	(192)
Cash balances beginning of year	26,746	3,027	29,773
Fund restatement - June 30, 2009	1,232	-	1,232
Cash balances end of year	\$ 27,978	2,835	30,813
Cash Basis Fund Balances			
Reserved for debt service	\$ 27,978	-	27,978
Unreserved	-	2,835	2,835
Total cash basis fund balances	\$ 27,978	2,835	30,813

See accompanying independent auditor's report

Schedule 3

City of Belle Plaine

Schedule of Indebtedness

Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Municipal Building Project - Fire Center	Oct 1, 1995	4.75 - 6.25	\$ 1,023,000
Refunding Notes	Jun 10, 2004	2.0 - 4.10	605,000
Corporate Purpose Bonds, Series 2008	Jul 21, 2008	3.0 - 4.5	535,000

See accompanying independent auditor's report

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 85,000	-	85,000	-	4,420	-
255,000	-	95,000	160,000	9,695	-
-	535,000	10,000	525,000	17,738	-
\$ 340,000	535,000	190,000	685,000	31,853	-

City of Belle Plaine
Bond and Note Maturities
June 30, 2009

Year Ending June 30,	General Obligation Bonds				
	Refunding Notes		Corporate Purpose		Total
	Issued Jun 10, 2004		Issued Jul 21, 2008		
2010	4.00	\$ 95,000	3.20	45,000	140,000
2011	4.10	65,000	3.40	45,000	110,000
2012		-	3.60	45,000	45,000
2013		-	3.80	50,000	50,000
2014		-	4.00	50,000	50,000
2015		-	4.10	55,000	55,000
2016		-	4.20	55,000	55,000
2017		-	4.30	55,000	55,000
2018		-	4.40	60,000	60,000
2019		-	4.50	65,000	65,000
Total		\$ 160,000		525,000	685,000

See accompanying independent auditor's report

City of Belle Plaine
Schedule of Receipts by Source and Disbursements By Function
All Governmental Funds

	2009	2008	2007	2006	2005	2004
Receipts:						
Property tax	\$ 774,383	712,991	747,305	745,619	790,604	775,342
Tax increment financing	135,197	129,116	119,692	113,268	108,739	102,655
Other city tax	185,828	264,321	228,810	299,037	148,016	867
Licenses and permits	15,034	15,950	15,012	10,585	10,056	6,490
Use of money and property	69,630	66,877	42,497	36,205	28,542	29,740
Intergovernmental	784,825	273,785	254,209	244,444	351,415	261,038
Charges for service	149,978	71,225	73,210	105,063	68,172	69,554
Special assessments	14,673	21,352	13,934	6,829	1,490	3,411
Miscellaneous	353,016	136,703	343,880	194,892	239,675	221,998
Total	2,482,564	1,692,320	1,838,549	1,755,942	1,746,709	1,471,095
Disbursements:						
Operating:						
Public safety	528,112	383,878	344,252	335,867	290,660	321,695
Public works	410,862	452,971	338,178	367,577	489,343	274,544
Health and social services	8,855	14,280	15,246	5,940	6,532	9,424
Culture and recreation	340,257	291,192	300,628	288,343	345,254	262,247
Community and economic development	77,607	39,134	33,713	6,614	-	17,569
General government	217,578	172,242	152,491	161,333	164,953	170,272
Debt service	222,552	287,010	198,285	328,431	253,919	862,480
Capital projects	515,438	64,558	207,504	47,566	146,354	160,931
Total	\$ 2,321,261	1,705,265	1,590,297	1,541,671	1,697,015	2,079,162

See accompanying independent auditor's report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with Government Auditing
Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated September 2, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Belle Plaine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Belle Plaine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Belle Plaine's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Belle Plaine's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Belle Plaine's financial statements that is more than inconsequential will not be prevented or detected by the City of Belle Plaine's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Belle Plaine's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 is a material

weakness. We also consider the following deficiency to be a significant deficiency in internal control over financial reporting:

Significant Deficiency - The City of Belle Plain, Iowa does not employ an accounting staff with the technical expertise to prepare its financial statements (including footnotes disclosures) in conformity with accounting principles general accepted in the United States of America; therefore, it relies on its auditors to prepare such statements.

Management Response - Management feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements. Management approves the draft financial statements prior to their issuance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belle Plaine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Belle Plaine's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Belle Plaine's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Belle Plaine and other parties to whom the City of Belle Plaine may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Belle Plaine during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

September 2, 2009

Ridihalgh, Fuelling, Snitker, Weber & Co. P.C.

City of Belle Plaine
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The City of Belle Plaine was not granted federal funds in excess of the OMB A-133 Single Audit dollar threshold of \$500,000 for the year ended June 30, 2009.

City of Belle Plaine
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

INSTANCES OF NON-COMPLIANCE:

No matters were reported

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Other Findings Related to Statutory Reporting:

- III-A-09 Certified Budget – Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the community and economic development and capital projects function. Chapter 384.20 of the Code of Iowa states in part “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget was mistakenly amended in the business type activities function because the capital project being worked on was the storm sewer improvement. In the future we will amend the correct function.

Conclusion – Response accepted.

- III-B-09 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

- III-C-09 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

- III-D-09 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Richard Allen, City Employee, Owner of R.A. Tree Service	Tree removal	\$ 535
Al Dvorak, City Employee	Contract for meter reading	3,560

In accordance with Chapter 362.5(11) of the Code of Iowa, the amount paid to the employee for services in the first transaction, \$535, does not appear to represent a conflict of interest since it is less than \$2,500.

In accordance with Chapter 362.5(1) of the Code of Iowa, the amount paid to the employee for services in the second transaction, \$3,560, does not appear to represent a conflict of interest because the “payment of lawful compensation of a city employee holding more than one city office or position, the holding of which is not incompatible with another public office and is not prohibited by law.”

- III-E-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- III-F-09 Council Minutes – Transactions were found that we believe should have been approved in the Council minutes but were not. A transfer of funds from the Water Revenue Bond Fund and the Sewer Replacement Fund, to the Sewer Fund, was not approved by the council. Also, a summary of all receipts is not approved at each council meeting.

Recommendation – The Council should approve all transfers in the minutes of their meetings. A summary of receipts should also be approved in the minutes of their meetings.

Response – We will approve all fund transfers, and a summary of receipts, in the future.

Conclusion – Response accepted.

- III-G-09 Deposits and Investments – No instances of non-compliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment provisions were noted.

- III-H-09 Payment of General Obligation Bonds – Certain general obligation bonds were paid from the Special Revenue – Local Option Sales Tax Fund and Capital Projects – Storm Sewer Improvement Fund. Chapter 384.4 of the Code of Iowa states, in part "Moneys pledged or available to service general obligation bonds, and received from sources other than property tax, must be deposited in the Debt Service Fund."

Recommendation – The city should transfer funds from the Special Revenue – Local Option Sales Tax and Capital Projects – Storm Sewer Improvement Fund to the Debt Service Fund for future funding contributions. Payments of the bonds should then be disbursed from the Debt Service Fund.

Response – We will transfer in the future as recommended.

Conclusion – Response accepted.

- III-I-09 Financial Condition – As of June 30, 2009, the Capital Projects – Downtown Streetscape Fund had a deficit balance of \$76,617.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The City is anticipating receiving a Community Attraction & Tourism grant from the State of Iowa which will eliminate this deficit balance. In the event that the grant is not received, funds will be transferred from the Special Revenue – Local Option Sales Tax fund to eliminate the deficit.

Conclusion – Response accepted.

City of Belle Plaine

Staff

This audit was performed by:

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Gina Trimble, CPA, Manager